Consumer . . .

Continued from Page 1

marketplace," Mr. Brobeck said. The book should be published sometime this year and will describe old and new types of banking accounts as well as typical charges, giving consumers a benchmark upon which to base decisions.

Mr. Brobeck noted that more than 150 banks and savings and loan institutions, all with more than 20 branches and all from the 15 largest metropolitan areas in the country, were surveyed — first by questionnaire, then, because only one-third responded, by telephone. About one-third of the original 150 refused to cooperate with the federation, and so, Mr. Brobeck revealed, Consumer Federation employees called these institutions pretending to be consumers interested in opening accounts.

"It was the only way we could get the information, and that is distressing," Mr. Brobeck said.

"Nearly 40% of all families with less than $1,000 of financial assets including total balances in checking, savings, money market accounts, CDs, IRAs, stocks, bonds, and trusts" are "unable to take advantage of the higher yields resulting from deregulation," Mr. Brobeck said.

Only a small minority of these people even maintain savings accounts, he said, while only half have checking accounts. But these people also have an average of $3,000 in nonmortgage debt outstanding, Mr. Brobeck said.

This means that these families, who are being shunned by many banking institutions because they have low deposit balances, are actually net borrowers and therefore provide a profit to those institutions that may no longer want them in their lobbies.

Furthermore, he said, "Between 1977 and 1983, the proportion of all families with NOW accounts fell from 81% to 79%." Mr. Brobeck said he thinks this decline is a result of banking institutions shutting down unprofitable branches and levying more and higher fees on small accounts.

Mr. Brobeck strongly suggested that the banking industry "adopt a code of conduct that prohibits anticonsumer practices and defines model consumer disclosures." He also recommended that the industry develop "lifeline banking services that reflect both the concerns of banks as well as of consumers.

He suggested that a lifeline checking account "might not only waive monthly and transaction charges but also limit the number of transactions, not return checks, and restrict balance inquiries." He also hypothesized a lifeline savings account that "might not only pay interest and charge no monthly fees, but also limit transactions, compound interest quarterly, and mail statements quarterly."

Additionally, Mr. Brobeck proposed that the federal government incorporate incentives for providing such lifeline or affordable accounts within its regulatory system. Perhaps the Federal Deposit Insurance Corp. could lower insurance premiums on funds in lifeline accounts, or the Federal Reserve Board could eliminate reserve requirements on these deposits, Mr. Brobeck said.

He called for elimination of services that are harmful to consumers, including "fraudulent investment schemes" as well as "such time bombs as negative amortization mortgage loans and uncapped variable-rate mortgage loans." He said he would also like to see exorbitant fees and unreasonably long check-hold periods prohibited.

If the banking industry would adopt some of these measures voluntarily rather than waiting for the government to require them to do so, Mr. Brobeck said, the industry's reputation with the public would be enhanced and new customers could possibly be attracted.

The consumer federation is willing to work with any banks, thrifts, or trade associations to help formulate models for lifeline banking and consumer disclosure, Mr. Brobeck said.

Ideally, he added, banking companies would disclose all fees and charges in branch locations as well as via the mail sent to customers.

The Consumer Federation of America, which is based in Washington, D.C., addresses a broad range of consumer issues. Mr. Brobeck said recently that his group has no higher priority this year than financial services issues and seeing that they are addressed in any congressional legislation.

This is the second White House-sponsored conference on the changing financial services marketplace. The first was held in Dallas in June of last year. ■

Washington

SEATTLE TRUST & SAVINGS BANK: Susan M. Wren was named vice president and personnel manager. ■

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File No. 5460, 1984 CITATION The People of the State of New York, By the Grace of God Free and Independent, To the heirs at law, next of kin and distributees of Jane Pendergrass deceased, if living and if any of them be dead, to their heirs at law, next of kin, distributees, legatees, executors, administrators, assignees and successors in interest whose names are unknown and cannot be ascertained after due diligence. YOU ARE HEREBY CITED TO SHOW CAUSE before the Surrogate's Court, New York County, at Room 504 in the Hall of Records in the County of New York, New York, on Feb. 26, 1985 at 10 A.M. why a certain writing dated August 22, 1979 which has been offered for probate by HENRY WALEGIR residing at 43-35 Murray Street, Flushing, New York should not be probated as the last Will and Testament, relating to real and personal property, of JANE PENDERGRASS, Deceased, who was at the time of her death a resident of 600 West 113th Street, in the County of New York, New York. Dated, Attested and Sealed, December 24, 1984. HON. Renee R. Roth, Surrogate, New York County (L.S.) Robert Reaves, Clerk. Name of Attorney, FRIED & REGENSTREIF, P.C. Tel. No. 516-294-6442. Address of Attorney, 358 Willis Avenue, Mineola, New York 11501.

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C.LAUDISI & ASSOC. INC., Auctrs Sell Jan 25, 1985 at 9 AM at 77 Jericho Tpke, New Hyde Park, NY 1980 Cad 6S699AE698101 Acct Term Leasing Inc. &/Or Sinclair Sec. Co; 10 AM at 213-19 99 Ave., Queens, NY 1983 Nissan JN1PB12S8DU004764 Acct. S.T. Jones; 11:30 AM at 3795 10th Ave., NYC 1978 Peugeot 504A932830054 Acct. L. Merchant, 1973 Buick 4P67T3Y145662 Acct. T.L. & J.E. Speller, 1974 Audi 8141079463 Acct. L.L. Wade, 1976 Buick 4D29H6G117257 Acct. E. Green, 1973 Buick 4V39T3Y225881 Acct. M.P. Smallwood; 1 PM at 3645 Dyre Ave., Bx, NY 1977 Pont 2W87Z7N253380 Acct. L.E. Owen. Published Jan 10,17, 1985.

R. Ezersky, auctr. sells R/T/I 1/17/85 9:00 A.M. at 175 N. Bedford Rd., Mt. Kisco, NY 1978 Chev. CCL248B100485 Re: F.J. Redwing; At 11:45 A.M. at 325 W. 149 St., Bronx, NY 1977 Chev. 1H57U7B570899 Re: M.M. Templeton, 1977 Chev. CGU157U109480 Re: O.R. Jackson, 1977 Chrysler SS22N7R253357 Re: L. O'Conner, 1978 Cadillac 6D47S8E669433 Re: R.M. Smith, 1979 Chev. 1Z37H9B440748 Re: M. Weston, 1979 Olds 3R47F9G461881 Re: S. Harris, 1978 Plymouth ML44A8D204017 Re: R. Varona, 1977 Toyota RA29139716 Re: A. Nunez. Published 1/3 & 10/85.

Foundation Notice

NOTICE

The annual report of **ROBERT WINTHROP CHARITABLE TRUST** for the fiscal year ended November 30, 1984 is available at its principal office located at c/o Wood, Struthers & Winthrop, 140 Broadway, New York, N.Y. 10005 for inspection during regular business hours by any citizen who requests it within 180 days hereof. The Principal Manager of the Foundation is Robert Winthrop.

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The annual report of **DUCKS UNLIMITED FOUNDATION, INC.** for the calendar year ended December 31, 1984 is available at its principal office located at c/o Wood, Struthers & Winthrop, 140 Broadway, New York, N.Y. 10005 for inspection during regular business hours by any citizen who requests it within 180 days hereof. The Principal Manager of the Foundation is Robert Winthrop.

A Look at Banking's Biggest Deals as 1984 Drew to a Close

Continued from Back Page

to allow banks to expand outside their home counties for the first time.

Last month, Old National Bancorp of Evansville, Ind., agreed to buy Merchants Republic Corp. of Terre Haute, Ind., if and when state law is changed to allow multicounty banking.

Indiana banking observers believe there is a good chance the legislature will approve multicounty banking this year. Indiana, Mississippi, and Kansas are the only three states that do not allow banks to operate outside of their home counties, whether through branching or bank holding companies.

■

In terms of total purchase price, the biggest deal in the last two months is the $202 million accord between Midlantic Banks Inc. of Edison, N.J., and Heritage Bancorp Inc. of Jamesburg, N.J.

In luring Heritage, Midlantic had to fend off overtures for Heritage from two rival New Jersey banking firms, First National State Bancorp Inc. of Newark and United Jersey Banks of Princeton. It also had to convince Heritage that it would not be able to complete its planned merger with Mellon Bank Corp. of Pittsburgh in the near future.

A federal appeals court earlier affirmed a decision by the Federal Reserve Board denying the Mellon-Heritage deal as a violation of federal statutes prohibiting interstate banking unless expressly authorized by the state of the acquired institution.

Mellon failed to persuade Heritage to commit itself to a long-term capital plan and merger accord that could only be completed with a change in law.

■

The average acquisition premiums agreed to by banks in the last two months of 1984 were 1.5 times equity capital and 12.2 times earnings. The premium to equity was about unchanged from October, but the multiple to earnings was down from 13.1 that month.

The data include deals in which the target institution had at least $50 million and for which terms were announced.

National Bank of Lebanon, N.H., got the highest premiums to equity and to earnings in the last two months — 2.5 times equity and 19 times earnings — in accepting a takeover offer from First NH Banks of Manchester, N.H.

Another New Hampshire bank also is in the "two times equity club." Bank of

➡ **Acquisitions: Page 15**

Nonbank Activities

Acquirer	Acquired	Acquired's Line of Business
Security Pacific Corp. Los Angeles, Calif.	Duff & Phelps Inc. Chicago, Ill.	Securities research (a)
First Interstate Bancorp Los Angeles, Calif.	Commercial Alliance Corp. New York	Commercial Finance (b)
Sanwa Bank Ltd. Osaka, Japan	Continental Illinois Leasing Chicago, Ill.	Leasing
Fleet Financial Group Providence, R.I.	Davidge & Co. Washington	Investment counseling (b)
CB&T Bancshares Columbus, Ga.	Calumet Financial Knoxville, Tenn.	Securities brokerage (c)
Norstar Bancorp Albany, N.Y.	Chapdelaine & Co. New York	Securities brokerage (b)
Norstar Bancorp Albany, N.Y.	Discount Brokerage of America, New York	Discount brokerage (b)
Merchants Cooperative Bank, Boston, Mass.	David Allsopp Associates New York	Securities brokerage (c)
First Federal Savings Phoenix, Ariz.	F.I.A. Associates Sacramento, Calif.	Real estate advice
PSFS Inc. Philadelphia, Pa.	Northland Mortgage Co. St. Paul, Minn.	Mortgage banking(b)
Pacific First Federal Tacoma, Wash.	Transamerica Mortgage San Francisco, Calif.	Mortgage banking (c)
Home Owners Federal Savings, Boston, Mass.	Knutson Mortgage & Financial Minneapolis, Minn.	Mortgage banking (b)
Atlantic Bancorp Jacksonville, Fla.	Florida Title & Mortgage Jacksonville, Fla.	Mortgage banking (c)

(a) Fed approved deal provided Duff & Phelps' securities rating activities were excluded.
(b) Acquisition completed.
(c) Agreement signed.

Acquisitions . . .

Continued from Page 14

New Hampshire, Manchester, agreed to pay 2.2 times equity and 12.4 times earnings for Strafford National Bank of Dover, N.H. New Hampshire's legislature is expected to approve an interstate banking bill soon.

Other banks that got at least two times equity were: National City Bankcorp of Rome, Ga., from First Railroad & Banking Co. of Augusta, Ga.; and Citizens First Bancorp of Owensboro, Ky., from Liberty United Bancorp of Louisville.

■

The decision by the U.S. Supreme Court to hear an appeal of a lower-court ruling affirming the constitutionality of Connecticut and Massachusetts laws limiting interstate banking to the New England region will leave interstate deals in New England and other regions in limbo for another year.

However, banks continue to chart their interstate future through limited-service banks and such stratagems as the stakeout, in which a bank invests in the nonvoting equity of a target institution. Usually, the nonvoting equity is convertible into voting stock if and when interstate banking laws are changed.

Marine Midland Banks Inc. of Buffalo, N.Y., has been one of the most aggressive exponents of the stakeout approach. Last month, Marine signed up its latest "stakee," Statewide Bancorp of Toms River, N.J., which is fighting a takeover attempt by Midlantic Banks.

Among thrifts on the interstate move last month was City Federal Savings & Loan Association of Elizabeth, N.J., which filed applications with the Federal Home Loan Bank Board to establish 54 interstate branches.

However, the Bank Board has maintained that it will allow interstate expansion only in emergency situations or if a company has acquired a failing institution in one state and wants to expand in that state. The Bank Board's tough stance was shown last month when it rejected the proposed merger between H.F. Ahmanson & Co. of Los Angeles and Sooner Federal Savings & Loan Association of Tulsa, Okla.

■

A number of large in-state deals were completed in November and December, including National City Corp. of Cleveland's acquisition of BancOhio Corp. of Columbus and South Carolina National Corp.'s purchase of First Bancshares of South Carolina.

Soon to be completed are: NBD Bancorp of Detroit's acquisition of United Michigan Corp. of Flint; the purchase of FirstGulf Bancorp of Mobile, Ala., by AmSouth Bancorp. of Birmingham; and Boatmen's Bancshares of St. Louis' merger with CharterCorp of Kansas City. ■

Interstate Deals

Acquirer	Acquired	Development
Mellon Bank Corp. Pittsburgh, Pa.	Heritage Bancorp Inc. Jamesburg, N.J.	Court affirms Fed denial
H.F. Ahmanson & Co. Los Angeles, Calif.	Sooner Federal Savings Tulsa, Okla.	FHLBB denial
Hartford National Corp. Hartford, Conn.	Rhode Island NB Providence, R.I.	Fed approval
Marine Midland Banks Inc. Buffalo, N.Y.	Statewide Bancorp Toms River, N.J.	Stakeout signed
Wilmington Trust Co. Wilmington, Del.	Maryland State Bank Salisbury, Md.	FDIC, Maryland approvals
Norwest Corp. Minneapolis, Minn.	Bank of Millard Omaha, Neb.	Agreement signed
Norstar Bancorp Inc. Albany, N.Y.	Banc of Maine Corp. Portland, Maine	Fed approval
Citicorp New York	Citibank Las Vegas Las Vegas, Nev.	Fed approval
Metropolitan Federal Bank Fargo, N.D.	Dakota Savings & Loan Sioux Falls, S.D.	FHLBB approval

Agreements

Acquirer	Size	Acquired	Size	Price	Premium to Equity	Premium to Earnings
Midlantic Banks Inc. Edison, N.J.	$6.4B	Heritage Bancorp Jamesburg, N.J.	$1.8B	$202M	1.5	12.9
Marshall & Ilsley Milwaukee, Wis.	$3.5B	Heritage Wisconsin Corp. Milwaukee, Wis.	$568M	$59.1M	1.9	16.5
First of America Bank Kalamazoo, Mich.	$4.1B	Community National Bank Pontiac, Mich.	$541M	$32M	1.1	10.5
Harris Bankcorp Chicago, Ill.	$7.4B	First Natl. Bank & Trust Barrington, Ill.	$291.8	$32M	1.7	12.1
Zions Utah Bancorp. Salt Lake City, Utah	$2.3B	Tracy-Collins Bank Salt Lake City, Utah	$290.9M	$29.5M	2.0	12.9
Marine Corp. Milwaukee, Wis.	$2.4B	Firstar Corp. Appleton, Wis.	$463.9M	$28M	1.1	8.3
First Railroad & Banking Augusta, Ga.	$2.6B	National City Bancorp Rome, Ga.	$145M	$24M	2.0	14.3
Old National Bancorp Evansville, Ind.	$666.5M	Merchants Republic Corp. Terre Haute, Ind.	$257.4M	$24M	1.2	10.8
Valley Bancorp. Appleton, Wis.	$1B	United Banks Madison, Wis.	$335M	$22.6M	1.1	10.9
Liberty United Bancorp Louisville, Ky.	$1.4B	Citizens First Bancorp Owensboro, Ky.	$162M	$19.8M	2.0	8.3
First Wisconsin Corp. Milwaukee, Wis.	$5B	First Bank Grantsburg, Wis.	$100M	$13.2M	1.6	8.3
First NH Banks Manchester, N.H.	$817.8M	National Bank Lebanon, N.H.	$78.9M	$12.2M	2.5	19
Bank of New Hampshire Manchester, N.H.	$358.7M	Strafford National Bank Dover, N.H.	$51.4M	$7.6M	2.2	12.4
Rainier Bancorp Seattle, Wash.	$7.1B	Bank of Stanwood Stanwood, Wash.	$56M	$5.2M	1.3	10.4
Mellon Bank Corp. Pittsburgh, Pa.	$28.2B	First National Bank Mapleton, Pa.	$49M	$4.9M	1.4	9.0
Great American Corp. Baton Rouge, La.	$628.8M	State Bank & Trust Golden Meadow, La.	$65M	$784,000	0.12	N.A.
Third National Corp. Nashville, Tenn.	$3.9B	Tennessee National Bancshares, Maryville, Tenn.	$250M	N.A.		
Dominion Bankshares Roanoke, Va.	$4B	Bank of Virginia Beach Virginia Beach, Va.	$90M	N.A.		
Pawling Savings Bank Pawling, N.Y.	$187M	Ellenville Savings Bank Ellenville, N.Y.	$113M	N.A.		
First National Cincinnati Cincinnati, Ohio	$2.6B	Ohio State Bank Columbus, Ohio	$230M	N.A.		
Marshall & Ilsley Milwaukee, Wis.	$3.5B	Bay View State Bank Milwaukee, Wis.	$57.8M	N.A.		

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BACK PAGE

Yearend Big Deals: Wisconsin Activity Quickens as Interstate Banking Looms

Aggressive Strategy of Milwaukee's Marine Corp. Typifies Survival Bid

By BART FRAUST

NEW YORK — Wisconsin is bursting with acquisition activity.

The most aggressive moves so far have come from the $2.5 billion-asset Marine Corp. of Milwaukee, the state's third largest bank holding company. Last month, the company agreed to acquire the $463.9 million-asset Firstar Corp. of Appleton, now the 11th biggest banking firm in Wisconsin. Earlier, it agreed to acquire the $576.1 million-asset Independence Bank Group Inc. of Waukesha, the state's eighth biggest banking company.

"The merger activity in Wisconsin is principally in anticipation of interstate banking," said Jon R. Schumacher, senior vice president of Marine. He expects the state legislature to back regional interstate banking within the next 12 to 18 months, and Wisconsin banks are expected to need additional size to survive amid competition from much larger institutions in neighboring states such as Michigan.

At yearend 1983, Wisconsin had 27 bank holding companies, with the largest, First Wisconsin Corp. of Milwaukee, having assets of $5 billion. Michigan has about the same number of holding companies, but the largest, NBD Bancorp Inc. of Detroit, holds $13.2 billion in assets. In fact, total assets of the four largest Wisconsin banking firms do not equal NBD's assets.

Under terms of the Firstar transaction, Marine will exchange $28 million in cash and common stock for all of the outstanding shares of Firstar. The proposed purchase price represents 1.1 times Firstar's equity capital and 8.3 times its 1983 earnings.

Marine is buying Independence for $53 million in cash and cumulative convertible preferred stock, representing premiums of 1.5 times Independence's equity capital and 10.4 times earnings.

Marine's acquisition activity has been spurred by a capital injection arranged in October 1983 with Primary Capital Investors, a privately held company based in the Netherlands. But the state's other large bank holding companies have also been active.

Marshall & Ilsley Corp. of Milwaukee, a $3.3 billion-asset holding company that is ranked second in the state in terms of assets, last month agreed to buy the $581.2 million-asset Heritage Wisconsin Corp. of Wauwatosa, which ranked seventh at the end of 1983.

Marshall & Ilsley agreed to pay hefty premiums for Heritage. The $59.1 million purchase price represents 1.9 times Heritage's equity capital and 16.5 times earnings.

Valley Bancorp. of Appleton, the state's fourth largest, also got into the act last month by agreeing to buy the $335 million-asset United Banks of Wisconsin Inc., ranked number 12 in the state. This deal is valued at $22.6 million, representing premiums of 1.1 times equity capital and 10.9 times earnings.

A smaller-scale acquisition also is planned by First Wisconsin, the state's biggest. The company in December agreed to acquire the $100 million-asset First Bank of Grantsburg for $13.2 million in cash, or 1.6 times State Bank's equity capital and 8.3 times its earnings.

■

The economy of another midwestern state, however, caused a major bank acquisition to disintegrate.

The proposed merger between Hawkeye Bancorp. and United Central Bancshares, Iowa's largest and third biggest banking firms, respectively, was called off because of earnings difficulties at both Des Moines institutions.

Both companies have been hit hard by problem farm loans in the last year. For example, Hawkeye showed a third-quarter loss of $1.9 million, while United Central's net income dropped 79%.

"Managements of both companies decided it was in the best interest of each to remain independent and devote full attention to the problems in their markets," Hawkeye said in a statement.

■

Indiana banks, meanwhile, are getting geared up for the state legislature

➡ Acquisitions: Page 14

Approved by Shareholders

Acquirer	Size	Acquired	Size
Boatmen's Bancshares St. Louis, Mo.	$3.5B	CharterCorp Kansas City, Mo.	$2.7B
PNC Financial Pittsburgh, Pa.	$12.9B	Northeastern Bancorp Scranton, Pa.	$1.5B
AmSouth Bancorp Birmingham, Ala.	$4B	FirstGulf Bancorp Mobile, Ala.	$1B
NBD Bancorp Detroit, Mich.	$13.2B	United Michigan Corp. Flint, Mich.	$994.1 M
Merchants Bancorp Allentown, Pa.	$1B	Tri-County Bank Bowmanstown, Pa.	$73.7M
Mellon Bank Corp. Pittsburgh, Pa.	$26B	Citizens National Bank New Castle, Pa.	$84.9M

Regulatory Approvals

Acquirer	Acquired	Regulator
Louisiana Bancshares Baton Rouge, La.	First Bancshares of Louisiana Baton Rouge, La.	Federal Reserve
Louisiana Bancshares Baton Rouge, La.	First National Bancorp Shreveport, La.	Federal Reserve
Louisiana Bancshares Baton Rouge, La.	Ouachita National Bank Monroe, La.	Federal Reserve
PNC Financial Pittsburgh, Pa.	Northeastern Bancorp Scranton, Pa.	Federal Reserve
Whitney Holding Corp. New Orleans, La.	NBC Bancshares Jefferson Parish, La.	Federal Reserve
Boatmen's Bancshares St. Louis, Mo.	CharterCorp Kansas City, Mo.	Federal Reserve
Florida National Banks Jacksonville, Fla.	Beacon Financial Jupiter, Fla.	Federal Reserve
M&I Marshall & Ilsley Bank Milwaukee, Wis.	Milwaukee County Bank West Allis, Wis.	Federal Rerserve
Bank of Virginia Richmond, Va.	Citizens Trust Co. Portsmouth, Va.	Federal Reserve
Worthen Banking Corp. Little Rock, Ark.	First National Bank Fayetteville, Ark.	Federal Reserve
United Banks of Colorado Denver, Colo.	IntraWest Bank Boulder, Colo.	Federal Reserve
Central Bancorp Inc. Cincinnati, Ohio	United Midwest Bancshares Cincinnati, Ohio	Federal Reserve
Trinity Banc Savings Dallas, Tex.	Texas Federal Savings Dallas, Tex.	FHLBB
Mellon Bank Corp. Pittsburgh, Pa.	Citizens National Bank New Castle, Pa.	Comptroller
Norstar Bancorp Albany, N.Y.	Bank of Long Island East Hills, N.Y.	New York State

Completions

Acquirer	Acquired	Combined Size
National City Corp. Cleveland, Ohio	BancOhio Corp. Columbus, Ohio	12B
South Carolina National Columbus, S.C.	First Bancshares of South Carolina Columbus, S.C.	$3.9B
BankSouth Corp. Atlanta, Ga.	Georgia Bancshares Macon, Ga.	$2.1B
Nashville CityBank Nashville, Tenn.	Sumner Bank Gallatin, Tenn.	$490M
First Jersey National Jersey City, N.J.	Livingston National Bank Livingston, N.J.	$2.5B
First Jersey National Jersey City, N.J.	First County Bank North Brunswick, N.J.	$2.5B
Deposit Guaranty National Jackson, Miss.	Merchants & Farmers Bank Meridian, Miss.	$2.4B
CommerceAmerica Jeffersonville, Ind.	Citizens Bank Jeffersonville, Ind.	$275M
CommerceAmerica Jeffersonville, Ind.	Clark County State Bank Jeffersonville, Ind.	$275M
First Colonial Bankshares Chicago, Ill.	Michigan Avenue National Bank Chicago, Ill.	$450M
Merchants Bancorp Allentown, Pa.	Tri-County Bank Bowmanstown, Pa.	$1B
Midwest Financial Peoria, Ill.	National Bank of Bloomington Bloomington, Ill.	$1.4B
First Commercial Corp. Little Rock, Ark.	First Russellville Bankstock Russellville, Ark.	$1.2B
Trinity Banc Savings Dallas, Tex.	Texas Federal Savings Dallas, Tex.	$1.6B

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TODAY

UNFETTERED BY FED: Despite complaints by the insurance industry, the Federal Reserve has given its blessing to expanded insurance activities by First Wisconsin Corp. .. 1

RANDOM THOUGHTS on capital requirements and cumulative gaps... 1

HOLIDAY CLUBS: Credit unions have only a tiny fraction of total holiday club accounts, but they lead banks and thrifts in some key categories 1

DUFF SALE OFF: Security Pacific Corp., citing conditions imposed by the Fed, has called off its proposed acquisition of Duff & Phelps Inc., the credit-rating and investment advisory company 2

INTERNATIONAL BRIEFING: The Justice Ministry in Switzerland is studying ways of speeding the time-consuming procedures now in place when other countries seek information on Swiss bank accounts 2

MORTGAGE BANKING: Two banking companies, Florida National Banks of Florida and Norwest Corp., are trimming their mortgage operations 2

NEBRASKA FUNDS: A law that was intended to foster loan activity by Nebraska banks could end up costing the state $800,000. The state had that much uninsured money in two banks that recently failed..... 3

DEPOSIT INSURANCE: Increases in bank and thrift capital requirements are being considered by the Reagan administration as part of a package to bolster the nation's deposit insurance system..... 3

EARNINGS: Chemical New York Corp. surprised analysts by posting a fourth-quarter gain of almost 20%, and stocks of the largest New York banks rose. In North Carolina, two of the state's largest holding companies reported sharply higher earnings for the fourth quarter and for the year 3

Financial Services Stocks..... 6

THE BACK PAGE: A look at the year behind and the one ahead for two segments of the financial services industry — computerized technology and the mortgage-backed securities market 20

Quote

Once the accounts move to the Drexel Burnhams, Merrill Lynches, and other brokers, they don't come back to the banks.

Nicholas Baer, chairman of a leading private bank in Zurich, saying that the increasing use of stock-index options and futures by brokerage houses puts banks at a disadvantage in keeping institutional accounts. [2]

Unquote

Random Thoughts

By SANFORD ROSE

The plan espoused by the Federal Deposit Insurance Corp. to raise bank capital requirements to 9% of total assets — 6% in equity and a maximum of 3% in subordinated debt — should logically be accompanied by a proposal for 100% deposit insurance, which already exists de facto for the largest banks in the system.

The only reason not to have 100% insurance is to force the large depositor to discipline the behavior of his bank. Since, under the FDIC plan, the job of disciplining the bank falls to the holder of subordinated debt, who presumably cannot be bailed out, there is no longer any justification for not extending de jure insurance protection to every depositor. Despite this obvious fact, the FDIC is shying away from proposing complete insurance coverage.

□ □ □

The real question is whether the holder of subordinated debt is capable of exercising the market discipline the large depositor never

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Credit Unions Lead Holiday Clubs...

..... in Account Growth .....Payout Growth .... and Payout Size

	Accounts (Thousands)	% increase from '83	Total payout (Millions)	% increase from '83	Average payout	% increase from '83
Credit Unions...	71	7.8 %	$ 32.9	8.3%	$466	11.8%
Banks.....	2,100	(6.1)	836.7	0.5	400	7.0
Thrifts.....	915	(7.4)	340.0	5.5	371	13.8

Tiny Share of Holiday Accounts Belies Growth in Credit Union Saving Clubs

Thrifts Post Highest Average Payout Increase; Accounts at Banks Decline

By KENNETH J. HICKS

NEW YORK — Although credit unions have only a tiny share of total holiday club accounts and their total payouts are dwarfed by those of banks and thrifts, they lead in three key growth categories.

For the fourth year in a row, credit unions had the largest average payout, the largest percentage of increase in total payouts, and the largest increase in the number of holiday club accounts.

Holiday Club Tables Begin on Page 7

Savings and loans and savings banks, which make up the thrift component, had the highest percentage of increase in average club payout when compared with commercial banks and credit unions — despite their having the sharpest decline in the number of accounts.

These are some of the findings of the *American Banker's* annual survey of holiday clubs at financial institutions. A total of 307 institutions participated: 170 commercial banks, 113 savings and loans and savings banks, and 24 credit unions.

This year, the *American Banker* lists all responding institutions by state in its master table. Within each state, the institutions are listed alphabetically by the city in which they are located. Other tables include the top 25 banks, the top 25 thrifts, and the top 10 credit unions in total payouts. Also, the top 10 institutions are listed by average payout.

Payouts for credit union holiday club accounts were up 8.3% in 1984 — $32.9 million compared to $27.4 million in 1983 for those institutions where the data were available for two years. The number of accounts were up 7.8% to 70,635 from 65,554 in 1983. In average payouts, credit unions paid $466 for each account in 1984, compared with $417 in 1983, an increase of 11.8%.

In 1983, credit unions posted a 15.9% increase in total payouts and a 6.5% increase in the number of club accounts.

Howard Cosgrove, public information manager with the Credit Union National Association, Madison, Wis., said part of the reason for the credit unions continuing growth in holiday clubs is that they are "still actively promoting these accounts, while other institutions are finding them not as profitable [as they are at credit unions].

"Further, credit unions view these accounts as a service, not as a profit center. There is a difference in attitude" between credit unions and most other financial institutions.

Also, Mr. Cosgrove noted, managing the holiday accounts tends to be cheap-

Holiday Clubs: Page 14

Fed Allows 1st Wisconsin A Wider Scope

Approval Draws Protests From Insurance Industry

By BART FRAUST

NEW YORK — Amid protests from the insurance industry, the Federal Reserve Board has allowed First Wisconsin Corp. to expand its insurance agency activities.

This was the first time the Fed ruled on whether a bank holding company that was authorized prior to 1971 to sell only credit-related insurance is permitted under the Garn-St Germain Depository Institutions Act of 1982 to engage in general insurance activities.

Roger Levy, vice president of the Independent Insurance Agents of America, a trade group that protested the application, called the ruling "an overly broad interpretation."

The Bank Holding Company Act and Garn-St Germain prohibit bank holding companies from providing general insurance agency services. However, the statutes contain seven exemptions. For example, bank holding companies in towns with populations not exceeding 5,000 are allowed to provide insurance agency activities. Also exempted are banking firms with assets of less than $50 million, though these companies cannot sell life insurance.

At issue in the Milwaukee-based First Wisconsin's application is exemption G, which authorizes bank holding companies engaged, with Fed approv-

First Wisconsin: Page 5

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FILE FOR REFERENCE

American Banker ranks the Top Holiday Club Institutions

AT A GLANCE: Who's tops?

Top Commercial Banks in Club Payouts — 1984

1. Bank of America NT&SA, San Francisco $118,954,324
2. Chemical Bank, New York 53,955,823
3. Security Pacific National Bank, Los Angeles 30,305,846

Top Thrift Institutions in Club Payouts

1. Philadelphia Saving Fund Society $18,380,097
2. Anchor Savings Bank, Northport, N.Y. 16,218,593
3. People's Bank, Bridgeport, Conn. 15,869,271

Top Institutions in Average Payout Per Account

1. Bethpage Federal Credit Union, N.Y. $671
2. Citizens National Bank, Evansville, Ind. 662
3. Motorola Employees Credit Union-West, Scottsdale 657